

build and expand; and, thus entrenched and growing, we shall be in a strong position to compete for business in foreign markets.

And I would conclude that this is how Mr. Dunning was thinking at the time he was Minister of Finance in the Government of Mr. King. Presenting the budget of 1930, he pointed out "that within the British community of nations lies the greatest measure of opportunity for mutual development of trade because of our common heritage, kindred institutions and common patriotism."

As Mr. Bennett says, the time is come for the statesmen of the Empire to bend themselves to the work. It is not a time for the creation of obstacles and fictitious objections or petty politics. The Commonwealth is said by some to be the greatest adventure of its kind in history; and by others, the greatest experiment. Describe it as we may, we are certainly confronted with vital and far-reaching problems of Empire which call for men of Empire stature and Empire genius; for practical statesmen whose vision is not limited by local bounds; men of strong hearts, clear heads and sound judgment; men who can appreciate the greatness of the trust reposed in them; men competent to harness together in harmonious co-operation for the common good the tremendous resources of the Commonwealth, and guide the Commonwealth through shallow as well as deep waters to the ports of destiny and achievement which our devotion and hopes tell us will be ours if we respond in united action.

Hon. F. L. BEIQUÉ: Honourable gentlemen, in an address delivered at the annual meeting of the Freight and Ticket Agents' Corporation on September 9, 1931, and entitled "The Business Depression and its Effect on the Railways," Mr. L. F. Loree, President of the Delaware and Hudson Railroad Corporation, expressed some very sound ideas concerning the causes of the depression and the possible remedies. Mr. Loree considers the depression as it affects not only the railways, but the world at large.

It is probable that the causes of the present depression are quite mysterious to most people, and that the innumerable theories and proposed remedies which are constantly being offered to the public contribute in many cases to obscure the issue and to make the subject appear hopelessly complicated, but as Mr. Loree is a business man of world-wide reputation, his opinion will, I am sure, be appreciated by this honourable House. He is a member of the Transportation Commission appointed by the Government. Without be-

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ing pessimistic, Mr. Loree gives us in plain language the underlying causes of the present situation; he shows that through our past mistakes we have all contributed to bring about the depression, that we are now atoning for our sins, and that it is useless to hope for a business revival until we have, through certain necessary sacrifices, corrected the maladjustments which we have introduced into our economic life. I will attempt to summarize the most constructive views expressed in his address.

Economic depressions are brought about through maladjustments in industrial life due to inventions and improved methods in the fields of production, mineral extraction, transportation, manufacturing and merchandising. It would seem that economic depressions are the almost inevitable result of industrial progress; they are like the "growing pains" of business expansion. The trouble lies not in the expansion or the progress, but in the fact that progress leads to over-optimism and an undue rapidity of expansion, thus bringing about maladjustments, which must be corrected by a period of depression.

The World War caused shortages to develop everywhere and created a great temporary market for American products, and the advent of several new industries opened up new fields of activity. At the same time business expansion was greatly stimulated by the development of instalment buying. In the case of farm products, over-production was encouraged and stimulated by the extension of too much credit to farmers, and by artificial price maintenance. Business became geared to a condition of steady expansion, which was reflected in high real estate and security prices. As usual, commodity prices were unduly high in comparison to costs of production.

As a result of this inflation and discounting of the future, production was over-expanded, and the means of production were unduly enlarged. Accordingly, stocks of commodities, mostly unpaid for, accumulated in the hands of consumers, until they became so large that it was utterly out of the question to move more to the market or to liquidate them at current prices. The business and financial machine was stalled. The time necessarily came when prices began to decline; first, commodity prices, then prices of real estate, and finally stock prices. Commitments made on the basis of past prices then represented a source of loss; credit became strained and loans became frozen. The situation was further aggravated